

Message Text

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O R 071610Z AUG 73
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ IMMEDIATE
INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 155286

E.O. 11652: GDS
TAGS: EMIN, ETRD
SUBJECT: LETTER FROM THE PRESIDENT TO PRESIDENT BANZER
ON TIN DISPOSALS

1. PLEASE PASS FOLLOWING LETTER FROM THE PRESIDENT TO
PRESIDENT BANZER:

QUOTE AUGUST 6, 1973
QUOTE DEAR MR. PRESIDENT
QUOTE AS YOU WILL RECALL FROM MY LETTER OF JUNE 4,
1973, FOLLOWING CONSULTATIONS WITH BOLIVIA AND OTHER TIN
PRODUCING COUNTRIES I AUTHORIZED THE SALE OF 1,500 TONS OF
TIN FROM THE UNITED STATES STRATEGIC STOCKPILE DURING THE
LAST MONTH OF FISCAL YEAR 1973 AND THE SALE OF AN ADDITION-
AL 5,000 TONS DURING THE FIRST SIX MONTHS OF FISCAL YEAR
1974. DEMAND FOR THIS TIN HAS BEEN ALMOST UNPRECEDENTED.
THE 1,500 TONS SOLD WITHOUT DIFFICULTY AND THE 5,000 TONS,
WHICH WE ANTICIPATED SELLING OVER A SIX-MONTH PERIOD, WAS
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DISPOSED OF WITHIN THE FIRST FIFTEEN DAYS OF JULY.

QUOTE DESPITE THESE PROMPT SALES, TIN MARKET PRICES HAVE CONTINUED TO RISE, REACHING RECORD HIGHS ON BOTH THE LONDON AND NEW YORK MARKETS. INDEED, MANY OBSERVERS BELIEVE PRICES AT THE CURRENT LEVELS, IF SUSTAINED,

WILL HASTEN THE SUBSTITUTION OF TIN-FREE STEEL AND OTHER METALS FOR TINPLATE, A DEVELOPMENT THAT WOULD THREATEN THE INTERESTS OF PRODUCING COUNTRIES.

QUOTE BECAUSE OF THESE DEVELOPMENTS AND BECAUSE THE UNITED STATES HAS AN INTEREST IN MARKET STABILITY, I HAVE DIRECTED THE DEPARTMENT OF STATE TO BEGIN CONSULTATIONS WITH ALL TIN PRODUCING COUNTRIES REGARDING A FURTHER INCREASE IN OUR DISPOSAL PROGRAM FOR THE CURRENT FISCAL YEAR. YOU MAY BE CERTAIN AS I ASSURED YOU IN MY EARLIER LETTER, THAT IN DIRECTING THIS UNDERTAKING I WISH TO AVOID ANY UNDUE DISRUPTION OF THE WORLD MARKET, AS WELL AS ANY ACTION THAT WOULD HARM BOLIVIAN INTERESTS OR DAMAGE RELATIONS BETWEEN OUR TWO COUNTRIES. I CAN ALSO ASSURE YOU THAT WE WILL BEGIN AN IMMEDIATE REVIEW OF OUR REVISED DISPOSAL PROGRAM, SHOULD TIN PRICES DROP PRECIPITOUSLY FROM THEIR PRESENT RECORD LEVELS.

QUOTE I CONTINUE TO LOOK FORWARD TO MEETING YOU AND MRS. BANZER IN WASHINGTON LATER THIS YEAR.

QUOTE WITH WARM PERSONAL REGARDS, SINCERELY,
RICHARD NIXON

QUOTE GENERAL HUGO BANZER SUAREZ, PRESIDENT OF BOLIVIA,
LA PAZ, BOLIVIA UNQUOTE

2. CABLE IMMEDIATE WHEN MESSAGE DELIVERED AS DEPT INTENDS BEGIN CONSULTATIONS WITH PRODUCER EMBASSY REPS ON AUG 8.

3. ORIGINAL OF PRESIDENT'S LETTER FOLLOWS BY POUCH. ROGERS

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